

50 4/4/03

SECURITIES



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|---|--------------------|
| OMB APPROVAL | |
| OMB Number: | 3235-0123 |
| Expires: | September 30, 1998 |
| Estimated average burden hours per response | 12.00 |

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

| |
|-----------------|
| SEC FILE NUMBER |
| 8- 29560 |

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 02/01/02 AND ENDING 01/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

BENEFIT SECURITIES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1407 West 31st Avenue, Suite 301

(No. and Street)

Anchorage

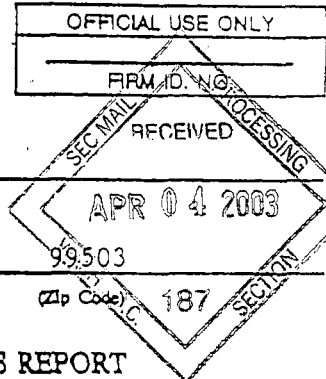
AK

(City)

(State)

99503

(Zip Code) 187



NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Christopher Cadieux

907-276-2000

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KAISER WHITLOCK RULIEN, LLC

(Name - If individual, state last, first, middle name)

1407 West 31st Avenue, Suite 500, Anchorage, AK 99503

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 10 2003

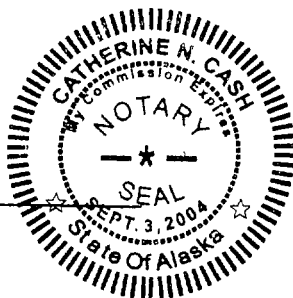
| | |
|-----------------------|-------------------|
| FOR OFFICIAL USE ONLY | THOMSON FINANCIAL |
|-----------------------|-------------------|

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Robert J. Cadieux, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Benefit Securities, Inc., as of March 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Catherine N. Cash
Notary Public



Robert J. Cadieux
Signature
Owner - Principal
Title

This report** contains (check all applicable boxes):

- ☐ (a) Facing page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**FORM
X-17A-5**

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) ☒ 16

2) Rule 17a-5(b) ☐ 17

3) Rule 17a-11 ☐ 18

4) Special request by designated examining authority ☐ 19

5) Other ☐ 26

NAME OF BROKER-DEALER

SEC FILE NO.

8-29560 14

Benefit Securities, Inc. 13

FIRM ID. NO.

013632 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

1407 West 31st Avenue, Suite 301 20

(No. and Street)

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/03 24

AND ENDING (MM/DD/YY)

01/31/03 25

Anchorage 21

(City)

Alaska 22

(State)

99503 23

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Chris Cadieux, President 30

(Area Code)—Telephone No.

(907) 276-2000 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

32

34

36

38

OFFICIAL USE

33

35

37

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES ☐ 40

NO ☒ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

☒ 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 31st day of March 19 2003
Manual signatures of:

- 1) _____
Principal Executive Officer or Managing Partner
- 2) Robert J. Cadieux
Principal Financial Officer or Partner
- 3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

38-013632-J IIA
BENEFIT SECURITIES, INC.
ROBERT J. CADIEUX
1407 WEST 31ST AVENUE, SUITE 3
ANCHORAGE AK 99503

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Benefit Securities, Inc.

N 3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 01/31/03 99
 SEC FILE NO. 98
 Consolidated 198
 Unconsolidated 199

ASSETS

| | <u>Allowable</u> | <u>Non-Allowable</u> | <u>Total</u> |
|--|------------------|----------------------|--------------|
| 1. Cash | \$ 17,736 | | \$ 17,736 |
| 2. Receivables from brokers or dealers: | | | |
| A. Clearance account | 295 | | |
| B. Other | 620 | 2,745 | 3,365 |
| 3. Receivables from non-customers | 355 | 600 | 830 |
| 4. Securities and spot commodities owned, at market value: | | | |
| A. Exempted securities | 418 | | |
| B. Debt securities | 419 | | |
| C. Options | 420 | | |
| D. Other securities | 424 | | |
| E. Spot commodities | 430 | | 850 |
| 5. Securities and/or other investments not readily marketable: | | | |
| A. At cost | 130 | | |
| B. At estimated fair value | 440 | 610 | 860 |
| 6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value: | 460 | 630 | 880 |
| A. Exempted securities | 150 | | |
| B. Other securities | 160 | | |
| 7. Secured demand notes: | 470 | 640 | 890 |
| market value of collateral: | | | |
| A. Exempted securities | 170 | | |
| B. Other securities | 180 | | |
| 8. Memberships in exchanges: | | | |
| A. Owned, at market | 190 | | |
| B. Owned, at cost | | 650 | |
| C. Contributed for use of the company, at market value | | 660 | 900 |
| 9. Investment in and receivables from affiliates, subsidiaries and associated partnerships | 480 | 670 | 910 |
| 10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization | 490 | 3,300 | 3,300 |
| 11. Other assets | 206,788 | 40,648 | 247,436 |
| 12. TOTAL ASSETS | \$ 225,144 | \$ 46,693 | \$ 271,837 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Benefit Securities, Inc.

as of 01/31/03

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

| Liabilities | A.I. Liabilities | Non-A.I. Liabilities | Total |
|--|---------------------|-------------------------|-----------------|
| 13. Bank loans payable: | \$ 1045 | \$ 1255 | \$ 1470 |
| 14. Payable to brokers or dealers: | | | |
| A. Clearance account | 1114 | 1315 | 1560 |
| B. Other: | 620 1115 | 1305 | 620 1540 |
| 15. Payable to non-customers: | 1155 | 206,788 1355 | 206,788 1610 |
| 16. Securities sold not yet purchased, at market value | | 1360 | 1620 |
| 17. Accounts payable, accrued liabilities, expenses and other | 8,726 1205 | 1385 | 8,726 1685 |
| 18. Notes and mortgages payable: | | | |
| A. Unsecured | 1210 | | 1690 |
| B. Secured | 1211 | 1390 | 1700 |
| 19. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings: | | 1400 | 1710 |
| 1. from outsiders \$ | 970 | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ | 980 | | |
| B. Securities borrowings, at market value: ... from outsiders \$ | 990 | 1410 | 1720 |
| C. Pursuant to secured demand note collateral agreements: | | 1420 | 1730 |
| 1. from outsider: \$ | 1000 | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ | 1010 | | |
| D. Exchange memberships contributed for use of company, at market value | | 1430 | 1740 |
| E. Accounts and other borrowings not qualified for net capital purposes | 1220 | 1440 | 1750 |
| 20. TOTAL LIABILITIES | \$ 9,346 1230 | \$ 206,788 1450 | \$ 216,134 1760 |

Ownership Equity

| | |
|--|-----------------|
| 21. Sole proprietorship | \$ 1770 |
| 22. Partnership (limited partners) | \$ 1020 1780 |
| 23. Corporation: | |
| A. Preferred stock | 1791 |
| B. Common stock | 10,000 1792 |
| C. Additional paid-in capital | 14,500 1793 |
| D. Retained earnings | 31,203 1794 |
| E. Total | 55,703 1795 |
| F. Less capital stock in treasury | 1796 |
| 24. TOTAL OWNERSHIP EQUITY | \$ 55,703 1800 |
| 25. TOTAL LIABILITIES AND OWNERSHIP EQUITY | \$ 271,837 1810 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Benefit Securities, Inc.

For the period (MMDDYY) from 01/01/03 to 01/31/03 3932 to 3933
Number of months included in this statement 1 3931

STATEMENT OF INCOME (LOSS)

REVENUE

| | | |
|---|-----------|------|
| 1. Commissions: | | |
| a. Commissions on transactions in exchange listed equity securities executed on an exchange | \$ | 3935 |
| b. Commissions on listed option transactions | 71 | 3938 |
| c. All other securities commissions | | 3939 |
| d. Total securities commissions | | 3940 |
| 2. Gains or losses on firm securities trading accounts | | |
| a. From market making in options on a national securities exchange | | 3945 |
| b. From all other trading | | 3949 |
| c. Total gain (loss) | | 3950 |
| 3. Gains or losses on firm securities investment accounts | (3,545) | 3952 |
| 4. Profit (loss) from underwriting and selling groups | 71 | 3955 |
| 5. Revenue from sale of investment company shares | | 3970 |
| 6. Commodities revenue | | 3990 |
| 7. Fees for account supervision, investment advisory and administrative services | | 3975 |
| 8. Other revenue | 27,600 | 3995 |
| 9. Total revenue | \$ 24,055 | 4030 |

EXPENSES

| | | |
|--|-------------|------|
| 10. Salaries and other employment costs for general partners and voting stockholder officers | \$ 175,146 | 4120 |
| 11. Other employee compensation and benefits | 71 (89,982) | 4115 |
| 12. Commissions paid to other broker-dealers | (53,726) | 4140 |
| 13. Interest expense | | 4075 |
| a. Includes interest on accounts subject to subordination agreements | 4070 | |
| 14. Regulatory fees and expenses | | 4195 |
| 15. Other expenses | 9,157 | 4100 |
| 16. Total expenses | \$ 40,595 | 4200 |

NET INCOME

| | | |
|---|-------------|------|
| 17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16) | \$ (16,540) | 4210 |
| 18. Provision for Federal income taxes (for parent only) | 71 | 4220 |
| 19. Equity in earnings (losses) of unconsolidated subsidiaries not included above | | 4222 |
| a. After Federal income taxes of | 4238 | |
| 20. Extraordinary gains (losses) | | 4224 |
| a. After Federal income taxes of | 4239 | |
| 21. Cumulative effect of changes in accounting principles | | 4225 |
| 22. Net income (loss) after Federal income taxes and extraordinary items | \$ (16,540) | 4230 |

MONTHLY INCOME

| | | |
|---|-------------|------|
| 23. Income (current month only) before provision for Federal income taxes and extraordinary items | \$ (16,540) | 4211 |
|---|-------------|------|

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Benefit Securities, Inc.

as of 01/31/03

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

A. (k) (1)—\$2,500 capital category as per Rule 15c3-1

4550

B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained

X

4560

C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm

4335

4570

D. (k) (3)—Exempted by order of the Commission

4580

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

Benefiti Securities, Inc.

as of 01/31/03

COMPUTATION OF NET CAPITAL

| | | |
|---|--------------|------|
| 1. Total ownership equity from Statement of Financial Condition..... | \$ 55,703 | 3480 |
| 2. Deduct ownership equity not allowable for Net Capital..... | 19 () | 3490 |
| 3. Total ownership equity qualified for Net Capital..... | 55,703 | 3500 |
| 4. Add: | | |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital..... | | 3520 |
| B. Other (deductions) or allowable credits (List)..... | | 3525 |
| 5. Total capital and allowable subordinated liabilities..... | \$ 55,703 | 3530 |
| 6. Deductions and/or charges: | | |
| A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)..... | 17 \$ 46,693 | 3540 |
| B. Secured demand note deficiency..... | | 3590 |
| C. Commodity futures contracts and spot commodities- proprietary capital charges..... | | 3600 |
| D. Other deductions and/or charges..... | | 3610 |
| 7. Other additions and/or allowable credits (List)..... | (46,693) | 3620 |
| 8. Net capital before haircuts on securities positions..... | 20 \$ 9,010 | 3630 |
| 9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)): | | |
| A. Contractual securities commitments..... | \$ | 3660 |
| B. Subordinated securities borrowings..... | | 3670 |
| C. Trading and investment securities: | | |
| 1. Exempted securities..... | 18 | 3735 |
| 2. Debt securities..... | | 3733 |
| 3. Options..... | | 3730 |
| 4. Other securities..... | | 3734 |
| D. Undue Concentration..... | | 3650 |
| E. Other (List)..... | | 3736 |
| 10. Net Capital..... | \$ 9,010 | 3740 |
| | | 3750 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

Benefit Securities, Inc.

as of 01/31/03

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

| | | | |
|---|----|-------|------|
| 11. Minimum net capital required (6-2/3% of line 19) | \$ | 624 | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 5,000 | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) | \$ | 5,000 | 3760 |
| 14. Excess net capital (line 10 less 13) | \$ | 4,010 | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19) | \$ | 8,075 | 3780 |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | | | |
|--|----|--------|------|
| 16. Total A.L. liabilities from Statement of Financial Condition | \$ | 9,346 | 3790 |
| 17. Add: | | | |
| A. Drafts for immediate credit | \$ | 3800 | |
| B. Market value of securities borrowed for which no equivalent value is paid or credited | \$ | 3810 | |
| C. Other unrecorded amounts (List) | \$ | 3820 | 3830 |
| 19. Total aggregate indebtedness | \$ | 9,346 | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) | % | 111.39 | 3850 |
| 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) | % | | 3860 |

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

| | | | |
|--|----|------|--|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits | \$ | 3870 | |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 3880 | |
| 24. Net capital requirement (greater of line 22 or 23) | \$ | 3760 | |
| 25. Excess net capital (line 10 less 24) | \$ | 3910 | |
| 26. Net capital in excess of: | | | |
| 5% of combined aggregate debit items or \$120,000 | \$ | 3920 | |

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**Ownership Equity and Subordinated Liabilities maturing or proposed to be
withdrawn within the next six months and accruals, (as defined below),
which have not been deducted in the computation of Net Capital.**

| Type of Proposed withdrawal or Accrual See below for code to enter | Name of Lender or Contributor | Insider or Outsider? (In or Out) | Amount to be With- drawn (cash amount and/or Net Capital Value of Securities) | (MMDDYY) Withdrawal or Maturity Date | Expect to Renew (yes or no) |
|--|-------------------------------|--|--|---|--------------------------------------|
| ▼ 32 4600 | | 4601 | 4602 | 4603 | 4604 4605 |
| ▼ 32 4610 | | 4611 | 4612 | 4613 | 4614 4615 |
| ▼ 34 4620 | | 4621 | 4622 | 4623 | 4624 4625 |
| ▼ 33 4630 | | 4631 | 4632 | 4633 | 4634 4635 |
| ▼ 36 4640 | | 4641 | 4642 | 4643 | 4644 4645 |
| ▼ 37 4650 | | 4651 | 4652 | 4653 | 4654 4655 |
| ▼ 33 4660 | | 4661 | 4662 | 4663 | 4664 4665 |
| ▼ 39 4670 | | 4671 | 4672 | 4673 | 4674 4675 |
| ▼ 38 4680 | | 4681 | 4682 | 4683 | 4684 4685 |
| ▼ 41 4690 | | 4691 | 4692 | 4693 | 4694 4695 |
| TOTAL \$ ▼ 4699 | | | | | |

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE: DESCRIPTION

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c)(2)(iv) Liabilities

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

Benefit Securities, Inc.

For the period (MMDDYY) from 01/01/03 to 01/31/03

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

| | | | |
|--|------|--------|------|
| 1. Balance, beginning of period | \$ | 52,001 | 4240 |
| A. Net income (loss) | | 16,540 | 4250 |
| B. Additions: (Includes non-conforming capital of | ▼ \$ | 4262 | 4260 |
| C. Deductions: (Includes non-conforming capital of | \$ | 4272 | 4270 |
| 2. Balance, end of period (From item 1800) | \$ | 55,703 | 4290 |

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

| | | |
|--|------|------|
| 3. Balance, beginning of period | ▼ \$ | 4300 |
| A. Increases | | 4310 |
| B. Decreases | | 4320 |
| 4. Balance, end of period (From item 3520) | \$ | 4330 |

OMIT PENNIES